

# ALA American Library Association

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January 22, 2004

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

FEB 04

Re Notice of Ex Parte Meeting in the Matter of the E-rate Program  
CC Docket No. 02-06

Dear Ms. Dortch,

On January 7, 2004, I met with Narda Jones of the Telecommunications Access Policy Division of the FCC and Jennifer Schneider with the FCC, along with Carrie A. Lowe, Internet Policy Specialist with the ALA Office for Information Technology Policy (ALA/OITP) and Linda Schatz, Consultant, presented a proposal to modify the E-rate discount calculation methodology for libraries.

We shared our concerns over the equity of discount rates currently received by some library branches and proposed calculating the rates according to the elementary school in whose area the library resides rather than by the entire school district as is current practice. We believe that considering the National School Lunch Program statistics for a library branch's corresponding elementary school would give a more accurate picture of the community served by the library and the financial challenges faced by an individual library branch. Please reference the attached presentation slides for more detailed information about our proposal.

Ms. Jones asked for additional information in order to evaluate our proposal and its impact on the E-rate program. We will be providing her with information showing why school districts are inaccurate indicators of library service areas, how our proposal gives a more accurate picture of poverty levels in a given area, and whether we believe more libraries would participate in E-rate if the changes were made.

Sincerely,

Rick W. Weingarten  
Director,  
Office for Information Technology Policy

cc Narda Jones, FCC  
Jennifer Schneider, FCC  
Linda Schatz, EdTech Strategies

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## Presentation to the FCC

### *"Proposed Modification to the E-rate Discount Calculation Methodology for Libraries"*

January 7, 2004

1

## Problem

- By using the percentage of students eligible for a free or reduced price lunch under the National School Lunch Program in the public school district in which the library is located, library outlets/branches are unable to receive the same E-rate discounts for site-specific services as the school located in that same community.

2

## Objective

- Identify equitable discount methodology for library outlets/branches.

3

## Proposed Solution

- Allow library outlets/branches to base site specific discounts on the school lunch data from the nearest elementary school or the elementary school zone within which the library outlet/branch is located—not on school district data.

4

## Resources for Solution

- Federal State Joint Board Report
- May 8, 1997 Universal Service Order
- FCC Rules 47 C.F.R Part 54
- Fourth Order on Reconsideration
- Report of the Working Group
- Review and analysis of previous discount calculation proposals presented to the FCC.

5

## Background Federal-State Joint Board

- The Joint Board recommended that, in the absence of a better proposal, a library's degree of poverty should be measured based on how disadvantaged the schools are in the school district in which the library is located.

6

## Proposal

- Based on 6 years of program history, we take this opportunity to present a better and more equitable proposal.

7

## Proposal

- Proposal does not directly affect shared services for library systems since the library system discount would still be based on the simple average of the proposed revised methodology for outlet/branch discounts.

8

## Background Federal-State Joint Board

- The Joint Board found that using data on how disadvantaged the schools are in the school district in which the library is located was a "reasonable method of calculation because libraries are likely to draw patrons from an entire school district "

9

## FCC's May 8, 1997 Universal Service Order

- FCC on Levels of Poverty: "We agree with the Joint Board's recommendation that we adopt a step function to define the level of discount available to schools and libraries based on the level of poverty in the areas they serve."

10

## Problem

- However, the assumption that libraries likely draw patrons from an entire school district was faulty.
  - Patrons rarely seek services outside the community in which they live

11

## Solution

- By using the percentage of students eligible for NSLP based on the local elementary school, the level of discount available to libraries would be more closely aligned with "the level of poverty in the areas they serve "
  - While most communities have elementary schools, rural communities often share junior high and high schools with neighboring communities and therefore use of the junior or senior high school discounts would be less accurate in determining poverty levels
  - In large urban cities, the elementary school located in a community within the city is also more representative of the poverty level of that community's library outlet/branch

12

### FCC's May 8, 1997

#### Universal Service Order -- Schools:

- "For eligible schools ordering telecommunications and other supported services at the individual school level, the procurement officer ordering such services must certify to the universal service administrator the percentage of students eligible in that school for the national school lunch program."

13

### FCC's May 8, 1997

#### Universal Service Order -- Libraries

- "For eligible libraries ordering telecommunications and other supported services at the individual library level, ... the procurement officer ordering such services must certify to the universal service administrator the percentage of students eligible for the national school lunch program in the school district in which the library is located."

14

### FCC's May 8, 1997 Universal Service Order -- School District or State Level

- FCC on school district calculations: "If the level of discount were instead calculated for the entire school district, a school serving a large percentage of students eligible for the national school lunch program that was located in a school district comprised primarily of more affluent schools would not benefit from the level of discount to which it would be entitled if discounts had been calculated on an individual basis."

15

### FCC's May 8, 1997 Universal Service Order Conclusion -- School District or State Level

- "The school district or state may decide to compute the discounts on an individual school basis or it may decide to compute an average discount; in either case, the state or the district shall strive to ensure that each school receives the full benefit of the discount to which it is entitled."

16

### FCC's May 8, 1997

#### Universal Service Order--Conclusion

- We note that while school districts may use the school discount or the school district discount, library systems and library outlets/branches are both required to ("shall") use the school district discount.

17

### Current School/School District Outlet-Branch/System Calculations

Applicant Type	Calculation Method	Applicant Type	Calculation Method
School	School	Library Outlet/Branch	School District
School District	School District (Weighted Average of Schools)	Library System	School District (Simple Average of Outlet/Branches)

18

## FCC's May 8, 1997 Universal Service Order Conclusion – Library system

- FCC: "For libraries ordering telecommunications and other supported services at the library system level, we agree with commenters asserting that library systems should be able to compute discounts on either an individual branch basis or based on an average of all branches within the system; in either case, the library system shall strive to ensure that each library receives the full benefit of the discount to which it is entitled."

19

## FCC's May 8, 1997 Universal Service Order

- FCC: "We conclude that using school lunch eligibility to calculate the poverty level of both schools and libraries addressed the concern that equity exist between schools and libraries. That is, because school lunch eligibility data measures the percentage of students within 185% of the poverty line, the program that we adopt herein will ensure that both schools and libraries are afforded discounts based on the same measure of poverty."

20

## Evidence of the FCC's intention that high-poverty libraries would be able to achieve a 90% discount

- " we are satisfied that the discount program that we adopt, reaching as high as 90 percent for the most disadvantaged schools and libraries, will provide sufficient support."

21

## Fourth Order on Reconsideration/ Comments of the Working Group

- FCC's response to comments of the working group on the issue of discounts for members of a consortium:
- "We therefore agree with the working group that for services that will be used only by an individual institution, the applicable discount rate for the services should be determined based on the applicable discount rate for the individual school or library, not the consortium. We find that this decision is consistent with our earlier decision that the level of support should be based on the economic level and geographic location of the institution seeking support."

22

## Ease of Adoption of Solution for Funding Year 2005

- While we believe you may find it necessary to make a formal rule change to adopt our recommendation, other program changes would likely be minimal thereby simplifying the implementation of such a change
  - We believe the Form 471 would require only one word change thereby lessening OMB impact
  - The Form 471 instructions would require some minor edits
  - We do not believe any Form 471 online application systems would require changes; only one word change likely required
  - Most states provide individual school data as part of their school district information on state web sites providing for the same level of PIA validation available today

23

## Current Example of Library Outlet/Branch Site Specific Discount (Block 4, WS-B)

1	2	3	4
Name of Eligible Library (outlet/branch)	Entity Number (1-10 digits)	Name of School District in which outlet/branch in Column 1 is located	Discount % from discount matrix
Polk Public Library	XXXXXX	Lincoln School District	70

The library outlet/branch discount is currently achieved by dividing the total number of students eligible for NSLP in the school district by the total number of students in that district. Using the percentage calculated, outlets then use the discount matrix to determine the discount based on the library's urban/rural location

24

## FCC rules:

25

## FCC Rules: 47 C.F.R, Part 54

- § 54.505 Discounts
  - (b) *Discount Percentages.* The discounts available to eligible schools and libraries shall range from 20 percent to 90 percent of the pre-discount price for all eligible services provided by eligible providers, as defined in this subpart. The discounts available to a particular school, library, or consortium of only such entities shall be determined by indicators of poverty and high cost

26

## FCC Rules: 47 C.F.R, Part 54

- § 54.505 Discounts
  - (b)(1) For schools and school districts, the level of poverty shall be measured by the percentage of their student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism. School districts applying for eligible services on behalf of their individual schools may calculate the district-wide percentage of eligible students using a weighted average. Alternatively, the district could apply on behalf of individual schools and use the respective percentage discounts for which the individual schools are eligible

27

## FCC Rules: 47 C.F.R, Part 54

- § 54.505 Discounts
  - (b)(2) For libraries and library consortia, the level of poverty shall be based on the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program or a federally-approved alternative mechanism in the public school district in which they are located.

28

## FCC Rules: 47 C.F.R, Part 54

- § 54.505 Discounts
  - (b)(4) School districts, library systems, or other billed entities shall calculate discounts on supported services described in §54.502 or other supported special services described in §54.503 that are shared by two or more of their schools, libraries, or consortia members by calculating an average based on the applicants discounts of all member schools and libraries.

29

## FCC Rules: 47 C.F.R, Part 54

- § 54.505 Discounts (out)
  - (b)(4) School districts, library systems, or other billed entities shall ensure that, for each year in which an eligible school or library is included for purposes of calculating the aggregate discount rate, that eligible school or library shall receive a proportionate share of the shared service for which support is sought.

30

## FCC Rules: 47 C.F.R, Part 54

### § 54.505 Discounts

(b)(4) For schools, the average discount shall be a weighted average of the applicable discount of all schools sharing a portion of the shared services, with the weighting based on the number of students in each school.

### § 54.505 Discounts

(b)(4) For libraries, the average discount shall be a simple average of the applicable discount to which the libraries sharing a portion of the shared services are entitled

31

## Discount Calculation Rule Conclusions:

### Schools

- shall be measured by the percentage of their student enrollment that is eligible for a free or reduced price lunch under the national school lunch program

### Libraries (or Library Consortia)

- shall be based on the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program in the public school district in which they are located

### School Districts

- School districts applying on behalf of their eligible schools may calculate the district-wide percentage of eligible students using a weighted average. Alternatively, the district could apply on behalf of individual schools and use the respective percentage discounts for which the individual schools are eligible

### Library System

- Library systems applying for discounted services on behalf of their individual branches shall calculate the system-wide percentage of eligible families using an unweighted average based on the percentage of the student enrollment that is eligible for a free or reduced price lunch under the national school lunch program in the public school district in which they are located for each of their branches or facilities

32

## Next Steps

33